

CORRESPONDENCE

RESPECTING

CONSULAR INTERFERENCE

FOR THE

PREVENTION OF SMUGGLING

IN

CHINA.

Presented to both Houses of Parliament by Command of Her Majesty.
1857.

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Correspondence respecting Consular Interference for the Prevention of Smuggling in China.

No. 1.

Viscount Palmerston to Sir G. Bonham.

(Extract.)

Foreign Office, May 24, 1851.

THE attention of Her Majesty's Government has been directed to the expediency of devising some effectual measures for putting a stop to the system of smuggling which prevails in China, and especially at Shanghai, or if, in consequence of the remissness of the Chinese authorities, that object cannot be attained, of relieving British subjects engaged in trade with China from restrictions which they would cheerfully submit to, if enforced against all persons alike.

You are aware that it has been represented to Her Majesty's Government by mercantile houses in this country, and the statements contained in your despatches bear out those representations, that the Chinese authorities at Shanghai are very remiss in enforcing upon foreign merchants an observance of the custom-house regulations, and that smuggling is carried on by British and foreign merchants with the connivance of those authorities, to the great injury of honest merchants, who, desiring to pay the duties justly due to the Chinese Government, are in consequence of their honesty exposed to the disadvantages of competition with persons less scrupulous in that respect.

The same mercantile houses represent that as the prevalence of smuggling at Shanghai is owing to the remissness or corruption of the Chinese authorities, it is unreasonable that the British Consular authorities should be required to perform the duty which properly belongs to those Chinese authorities; and that the interference of the British Consular authorities for the protection of the Chinese revenue, while the Consular authorities of other Powers do not interfere in the same manner to control the dealings of their fellow-subjects and fellow-citizens, has a tendency to throw into the hands of the subjects and citizens of other States the greater part of the trade at the port of Shanghai, inasmuch as British merchants cannot compete with parties over whose dealings no Consular control is exerted, and who are, therefore, enabled by collusion with the Chinese authorities to defraud the Chinese revenue to a very large extent.

The precise ground on which the interference of the British Consular authorities with the payment by British subjects of the duties to the Chinese Government, was stipulated for in the Treaty of Nankin, is not stated in the correspondence relating to that Treaty; but the provision was probably introduced into the Treaty with the view either of rendering the abolition of the monopoly of the hong merchants, through whom the Chinese Government in former times obtained the customs duties on foreign commerce, less objectionable to the Chinese Government, or for the purpose of guarding against discussions between British merchants and the Custom-house authorities, touching the payment of duties. But whatever may have been the origin of the stipulation as regards the British Government, the Treaties concluded between the United States and China, and between France and China, subsequently to the date of the British Treaties of Nankin and Hoomunchae, contain no similar stipulation; and as it is provided by Article VIII of the Treaty of Hoomunchae, of the 8th of October, 1843, "that should the Emperor hereafter, from any cause whatever, be pleased to grant additional privileges or immunities to any of the subjects or

citizens of such foreign countries, the same privileges and immunities will be extended to and enjoyed by British subjects," the British Government has been fully entitled, from and after the conclusion of the American and French Treaties with China, to claim to be put on the same footing with those two Powers in regard to Consular interference for the protection of the Chinese revenue. If the British Government has not hitherto put forward this claim, it has been from an unwillingness to break through a system which, if honestly carried out by both parties, was calculated to obviate angry and inconvenient discussions which might arise if the British merchants and the Chinese revenue officers were brought into immediate contact with each other, without any Consular interposition; and Her Majesty's Government could not have anticipated such a degree of laxity on the part of the Chinese authorities in the collection of the duties on foreign trade as has been proved to exist.

But, as it is now evident that the Chinese authorities are not disposed to take effectual measures to protect the Chinese revenue, it cannot be expected that the British Government should alone undertake to do that duty. The engagement of the Treaties must be considered as founded on the assumption that both parties would endeavour to secure the payment of the duties justly due to the Chinese Government; and as the Chinese Government by the negligence of its authorities omits to perform its part of that common endeavour, the British Government may fairly claim to be released from any obligation in regard to this matter.

On the twofold ground, therefore, of the clause of the Treaty of Hoo-mun-chae to which I have referred, and of the omission of the Chinese Government itself to act up to the manifest intention of the Treaties between Great Britain and China, the British Government feels itself entitled to withhold for the future all interference on the part of the British Consular authorities for the protection of the Chinese revenue.

You will accordingly address a note to the Chinese High Commissioner setting forth the grounds on which Her Majesty's Government have come to this determination, and you will say, that Her Majesty's Government have come to this decision with great reluctance; that Her Majesty's Government would much prefer that the traders of all nations should pay to the Government of China the full amount of duties which the Chinese Government is entitled to claim; but as the Chinese authorities will not do their duty in preventing dishonest merchants from defrauding the Emperor of his just dues, the British Government can no longer order Her Majesty's Consuls to do that for the Emperor of China which the Emperor's own servants do not deem it necessary to do. You will add, however, that Her Majesty's Government trust that the subordinate authorities of the Chinese Government will be duly warned to be very circumspect in their dealings with British merchants. The British Government do not claim for British merchants any special privileges, but they require that British and foreign merchants shall be treated alike; and if the Chinese authorities choose to connive at the evasion of the payment of duties by foreign merchants, Her Majesty's Government will inquire very strictly into any proceedings on the part of the Chinese authorities which may give rise to a suspicion that in the case of merchants of other foreign countries trading with China any practice is pursued different from that which is enforced in regard to British merchants.

No. 2.

• • Sir G. Bonham to Viscount Palmerston.

(Extract.)

Victoria, Hong Kong, July 22, 1851.

I HAVE had the honour to receive your Lordship's despatch of the 24th of May last, in which I am instructed to set forth to the Chinese High Commissioner the grounds on which Her Majesty's Government have come to the determination of withholding, for the future, all interference on the part of the British Consular authorities, for the protection of the Chinese revenue; and I have the honour to inclose herewith the copy of the note which, in pursuance of your Lordship's directions, I addressed, on the 10th instant, to the Chinese Commissioner.

I received, yesterday, the annexed reply from the Commissioner, who appears to treat the matter very lightly. I do not think that any good whatever would result from a continuation of the correspondence on this question.

Inclosure 1 in No. 2.

Sir G. Bonham to Commissioner Seu.

Victoria, Hong Kong, July 10, 1851.

I HAVE received the instructions of Her Britannic Majesty's Government to make to your Excellency the following important communication.

The serious attention of Her Majesty's Government has been directed to the expediency of devising some effectual measures for putting a stop to the system of smuggling which prevails in China, and especially at Shanghai, or if, in consequence of the remissness of the Chinese authorities, that object cannot be attained, of relieving British subjects engaged in trade with China from restrictions which they would cheerfully submit to if enforced against all persons alike.

It has been represented to Her Majesty's Government, by mercantile houses in England, and the several reports which I have made on the subject of smuggling bear out those representations, that the Chinese authorities at Shanghai are very remiss in enforcing upon foreign merchants an observance of the custom-house regulations, and that smuggling is carried on by British and foreign merchants, with the connivance of those authorities, to the great injury of honest merchants, who, desiring to pay the duties justly due to the Chinese Government, are, in consequence of their honesty, exposed to the disadvantages of competition with persons less scrupulous in that respect.

Her Majesty's Government being now perfectly satisfied that the prevalence of smuggling at Shanghai is owing to the remissness or corruption of the Chinese authorities, it is unreasonable that the British Consular authorities should be required to perform the duty which properly belongs to those Chinese authorities; because the interference of the British Consular authorities for the protection of the Chinese revenue, while the Consular authorities of other Powers do not interfere in the same manner to control the dealings of their fellow-subjects and fellow-citizens, has a tendency to throw into the hands of the subjects and citizens of other States the greater part of the trade at the port of Shanghai, inasmuch as British merchants cannot compete with parties over whose dealings no Consular control is exerted, and who are therefore enabled, by collusion with the Chinese authorities, to defraud the Chinese revenue to a very large extent.

It is stipulated in the Treaty of Nankin that the British Consular authorities shall see that the just duties and other dues of the Chinese Government are duly discharged by Her Britannic Majesty's subjects, whilst the Treaties concluded between the United States and China, and between France and China, subsequently to the date of the British Treaties of Nankin and Hoomunchae, contain no similar stipulation; and as it is provided by the VIIIth Article of the Treaty of Hoomunchae, of the 8th of October, 1843, "that should the Emperor hereafter, from any cause whatever, be pleased to grant additional privileges or immunities to any of the subjects or citizens of such foreign countries, the same privileges and immunities will be extended to and enjoyed by British subjects," the British Government has been fully entitled, from and after the conclusion of the American and French Treaties with China, to claim to be put on the same footing with those two Powers in regard to Consular interference for the protection of Chinese revenue. If the British Government has not hitherto put forward this claim, it has been from an unwillingness to break through a system which, if honestly carried out by both parties, was calculated to obviate angry and inconvenient discussions, which might arise between the British merchants and the Chinese revenue officers were brought into immediate contact with each other without any Consular interposition. Her Majesty's Government could not have anticipated such a degree on the part of the Chinese authorities in the collection of the duties.

trade, as has been proved to exist in the cases of the two vessels, "Lady Mary Wood" and "John Dugdale," which occurred at Shanghai, the first in the month of June 1850, the latter in January of this year.

Now, therefore, that it is quite evident that the Chinese authorities are not disposed to take effectual measures to protect the Chinese revenue, it cannot be expected that the British Government should alone undertake to do that duty. The engagement of the Treaties must be considered as founded on the assumption that both parties would endeavour to secure the payment of the duties justly due to the Chinese Government; and as the Chinese Government, by the negligence of its authorities, omits to perform its part of that common endeavour, the British Government may fairly claim to be released from any obligation in regard to this matter.

On the twofold ground, therefore, of the clause of the Treaty of Hoonchae to which I have referred, and of the omission of the Chinese Government itself to act up to the manifest intention of the Treaties between Great Britain and China, the British Government feels itself entitled to withhold for the future all interference on the part of the British Consular authorities for the protection of the Chinese revenue.

In thus plainly setting forth to your Excellency the grounds on which Her Majesty's Government have come to this determination, I have been instructed to add that Her Majesty's Government have come to this decision with great reluctance; for they would much prefer that the traders of all nations should pay to the Government of China the full amount of duties which the Chinese Government is entitled to claim: but as the Chinese authorities will not do their duty in preventing dishonest merchants from defrauding the Emperor of his just dues, the British Government can no longer order Her Majesty's Consuls to do that for the Emperor of China which the Emperor's own servants do not deem it necessary to do. Her Majesty's Government, however, trusts that the subordinate authorities of the Chinese Government will be duly warned to be very circumspect in their dealings with British merchants. The British Government do not claim for British merchants any special privileges, but they require that British and foreign merchants shall be treated alike; and if the Chinese authorities choose to connive at the evasion of the payment of duties by foreign merchants, Her Majesty's Government will inquire very strictly into any proceedings on the part of the Chinese authorities which may give rise to a suspicion that in the case of merchants of other foreign countries trading with China any practice is pursued different from that which is enforced in regard to British merchants.

I will in a few days communicate to your Excellency the modifications in the existing rules and regulations for the reporting and clearing of ships, landing and shipping of goods, &c., &c., which I may deem it necessary to effect for carrying out the above-stated intentions of Her Majesty's Government.

Accept, &c.
(Signed) S. G. BONHAM.

Inclosure 2 in No. 2.

Commissioner Seu to Sir G. Bonham.

SEU, High Imperial Commissioner, &c., sends the following communication in reply to an official document which he received on the 17th instant (15th July), and fully perused.

I find that the duties of the custom-house at Shanghai are under the control of the Lieutenant-Governor of Keang-nan, who charges the Inspector of Shanghai with receiving the same, and nothing regarding them has come to the ears of me, the Great Minister. In all the five ports only the annual amount of duties received at each port is duly reported.

What you say in your communication respecting all the particulars of smuggling, (must) be sufficiently evidenced by the custom-house returns; but if there is such smuggling going on, the duties must decrease. How does it then happen that the returns (of duties) of late years exceed those of former times

considerably? This is to me inexplicable. I shall address a letter on that subject, and institute inquiries.

The tariff of all the various nations as contained in the Treaty is the same. No modifications (in the regulations) are required. I am perfectly unable to enter fully in what you say, that British merchants are treated differently from all other foreign merchants. This is to me thoroughly incomprehensible. Whilst sending this reply I wish you much happiness, &c.

Heenfung, 1st year, 6th month, 20th day (July 18, 1851.)

CHINA.

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